ADMINISTRATIVE SIMPLIFICATION TECHNICAL ADVISORY GROUP
REPORT TO HEALTH SYSTEM REFORM TASK FORCE
SEPTEMBER 14, 2009

The Health System Reform Task Force requested the Administrative Simplification Technical Advisory Group to make recommendations for the following tasks:

(1) Create a more efficient coordination of benefits process:
   (a) refine Utah's rule to more closely parallel national standards
   (b) increase the use of electronic submission and processing of coordination of benefits (through UHIN efforts to develop and use these standards)
   (c) create consensus around the adoption of standard reason codes on the explanation of benefits to facilitate the electronic submission and processing of coordination of benefits and EOB (explanation of benefits)
   (d) create educational information to inform insured individuals of the coordination of benefits process and the need to inform providers of all insurance coverage at the time of service
   (e) identify legislation needed.

(2) Identify what needs to be done to facilitate the use of real time insurance eligibility information at point of service (not real time claims adjudication) and recommend any legislative steps that need to be taken.

Findings and Recommendations from the Administrative Simplification Technical Advisory Group

1. Coordination of Benefits

Findings:

(1) Utah follows national standards for the coordination of benefits process established by the National Association of Insurance Commissioners with the following significant differences:
   (a) National standards do not require coordination of benefits between an individual policy and a group policy (both pay as primary). Utah requires COB between an individual policy and a group policy.
   (b) Utah does not use a credit reserve bank system, which would deposit money saved by a secondary payer for the future use of an insured for non-covered services.
   (c) Utah does not follow national guidelines regarding coordination when a parent does not have "actual knowledge" of a divorce decree. The national standards are difficult to enforce. Utah requires coordination based on the court decree rather than the time frame a parent has knowledge of the divorce decree requirements.

(2) The coordination of benefits is often processed manually, which is slower than electronic processing of claims. Efficiencies could be achieved by electronically processing coordination of benefit claims, which requires the increased use of HIPAA standard reason and remark codes, agreement among payers regarding the appropriate use

of standard reason and remark codes, and the ability of provider electronic practice management systems to recognize insurer reason and remark codes.

(3) Some insured individuals do not inform providers that they have more than one insurance policy and do not understand the coordination of benefits process.

(4) Processing of claims and coordination of benefits is often complicated by divorce decrees and parent and insurer knowledge and understanding of health insurance coverage requirements and medical expense requirements in divorce decrees.

Recommendations:

(1) Draft legislation to repeal last year's change to the coordination of benefits process, which deviates from national standards (takes effect July 2010). Maintain the current state COB standards, which are consistent with national standards, other than the 3 areas of deviation discussed in findings (1)(a) through (c).

(2) The insurance department will prepare standard educational information about the coordination of benefits process for insurers to share with individuals, thus allowing individuals to understand the process and the need to inform providers of any insurance plans they are covered by.

(3) Work with the courts and the Family Law Section of the Utah Bar to develop standard language to be included in divorce decrees regarding health insurance obligations and uncovered medical expense obligations for children. We recommend that the language should be mandated by statute and incorporated into the court's online court assistance program.

(4) Increase the use of electronic processing of claims that are subject to coordination of benefits by increasing the appropriate use of standard reason and remark codes for claims denials. This could be accomplished by the Utah Health Information Network efforts to build consensus with insurers and providers about the appropriate use of standard reason and remark codes, and increasing the number of providers who use electronic practice management systems that are capable of receiving and processing standard electronic reason and remark codes. The Technical Advisory Group will also investigate whether the use of UHIN transaction standards should be required by legislation modeled after legislation in Texas and Minnesota.

(5) Health care practitioners do not have a way to verify whether a particular practice management vendor's system is capable of receiving all of the available HIPAA transaction data in the state. There should be some method established to certify a software product of provide notice to a practitioner that a particular vendor's product is capable of processing all the state and HIPAA transaction standards. UHIN is a possible resource for establishing or facilitating this type of information.

2. Real Time Insurance Eligibility Information (Card - swipe technology)
Findings:

(1) Electronic real time insurance eligibility information is currently available, however, the use of the real time eligibility information:

(a) typically requires the provider to request the information from the insurer through an electronic inquiry called a "270 request" and then receive an electronic

response called a "271 eligibility response";

(b) is limited to the "271 response", which gives information that includes eligible for coverage or not eligible, deductible and co-pay information, and within a year will include pre-existing condition information;

(c) is not used by all providers sometimes because a provider's practice management system is not capable of requesting and receiving the eligibility information quickly enough for front office patient check in, and sometimes because a provider is not aware of the availability of real time electronic information;

(d) is not practical for Medicaid inquiries because the response from Medicaid is not real time and is available only in batch mode, however, real time Medicaid requests and responses should be available by April 2011.

(2) Standard card swipe technology for real time insurance eligibility information requires more consensus on a national level regarding the electronic standard to use (WEDI vs. other standards) and provider use of the card reader technology necessary to have widespread use of standard card swipe technology.

Recommendations:

(1) Increase efforts through the Utah Health Information Network, the Utah Medical Association, the Utah Hospital Association, and any other effective mechanisms to encourage health care providers to adopt electronic practice management systems that are capable of accessing electronic information currently available and soon to be available for insurance eligibility information and claims processing.

(2) Monitor the effect of the implementation of new national standards for eligibility responses. Do the standards provide better information to providers? Is it more timely? If the new standards are not effective or being used, communicate the need for modification of the HIPAA standards to the federal HIPAA standards group through UHIN.

(3) Increase provider awareness and use of the electronic exchange of eligibility information through greater outreach efforts with UHIN, the UMA, the Hospital Association, the Dental Association and other provider groups.

(4) Continue to monitor and encourage the adoption of national standards for card swipe technology and the state's adoption of card swipe technology when national standards are adopted.

OTHER RECOMMENDATIONS: The Technical Advisory Group needs to work on a better, more meaningful pre-authorization process. If this cannot be accomplished this year, the work of the Group should continue next year.